

# WEEK OF STOCK MARKET OF KAZAKHSTAN

July 19 - 25

1 US dollar = **146.70** tenge at official rate for the end of the period  
1 US dollar = **146.76** tenge at weighted average rate of the Exchange for the end of the period

## YIELD OF STOCK EXCHANGE INSTRUMENTS

Following is the table that allows to compare investment attractiveness of the financial instruments, which were regularly traded or quoted at Kazakhstan Stock Exchange (KASE) during July 19 - 25. In parentheses – figures of previous period. Instruments are given in descending order of their attractiveness within specified groups.

### Investment attractiveness of stock exchange instruments from July 19 through 25

Financial instrument	Currency	Yield, % APR	Volume of deals, KZT m	Volume of deals, USD m
<b>Instruments denominated in national currency, tenge</b>				
MEOKAM, MEAKAM	KZT	10.43 (9.51)	1,164.2 (390.7)	7,933.5 (2,662.8)
CS repo	KZT	*10.07 (*9.16)	266.8 (285.7)	1,818.6 (1,947.0)
MEKKAM, notes	KZT	*5.32 (*5.71)	113.8 (565.0)	775.7 (3,850.3)
GB repo	KZT	*5.14 (*4.95)	4,309.5 (6,798.3)	29,370.3 (46,334.6)
<b>Instruments indexed to the US dollar</b>				
VITAb2	USD	13.54 (13.99)	0 (44.8)	0 (305.4)
SMGZb1	USD	13.00 (13.00)	0 (0)	0 (0)
RGBRb2	USD	12.00 (7.45)	0 (0)	0 (0)
AMGGB1	USD	11.86 (11.86)	0 (14.7)	0 (100.0)
CCBNb1	USD	11.11 (11.12)	0 (0)	0 (0)
BTASb1	USD	11.00 (11.50)	0 (7.3)	0 (49.4)
KZASb1	USD	11.00 (11.00)	0 (0)	0 (0)
TEBNb	USD	10.59 (10.62)	0 (15.5)	0 (105.7)
ASFIb1	USD	10.50 (10.50)	50.3 (35.9)	343.0 (244.5)
KARMB1	USD	9.95 (10.32)	0 (4.5)	0 (30.7)
KZTOb	USD	9.24 (9.13)	73.5 (23.3)	500.8 (158.6)
TMJLb2	USD	8.99 (–)	0 (0)	0 (0)
KZOLb	USD	8.70 (8.86)	0.9 (0)	6.1 (0)
HSBKb	USD	8.50 (11.00)	0 (0)	0 (0)
SYRGb1	USD	8.49 (8.50)	0 (0)	0 (0)
ATFBb	USD	6.86 (7.35)	0 (0)	0 (0)
KKGBb	USD	4.70 (5.02)	0 (0)	0 (0)
<b>Instruments denominated in US dollars</b>				
BTASe1	USD	10.68 (–)	0 (0)	0 (0)
KKGBe2	USD	9.20 (9.20)	0 (0)	0 (0)
VKU	USD	8.40 (8.37)	59.8 (141.4)	407.5 (963.6)
Euronotes-4	USD	7.22 (7.24)	616.8 (381.3)	4,203.3 (2,598.7)
Euronotes-3	USD	6.97 (6.96)	924.6 (359.2)	6,301.5 (2,447.8)
Euronotes-2	USD	5.97 (6.06)	154.6 (215.7)	1,053.3 (1,470.2)

**Notes:** Yields of ASFIb1, KZOLb1 and KZTOb are calculated as average of the deals. Yields of other corporate bonds are calculated as average of offer bids.

Tenge devaluation rate is estimated at weighted average rate of the main session of KASE in the week by a trend of **0.45% APR**.

The yields, shown here, do not incorporate overhead expenses that are inevitable when conducting operations and fixing profits (commission and tax collections, membership fees etc). Marked by a star are the instruments with less than a year circulation term. Weighted average effective yields are given for them. The yields of all bonds with more than a year maturity term are calculated on a semiannual basis.

### Indicators of Kazakhstan interbank deposit market as of July 25, 4:00 PM ALT and changes during the week

Term	Currency	Rate	Trend
1 week	KZT	7.80	+0.05
2 weeks	KZT	8.90	+0.40
1 month	KZT	9.80	+0.55
2 months	KZT	10.50	+0.50
3 months	KZT	11.20	+0.57

## THE CORPORATE SECURITIES SECTOR (CS)

**In the primary market**, KASE held additional initial public offering for inscribed coupon bonds of **NSE Kazakhstan Temir Joly** (the second emission, KZ2EUY03A368, category "A" of the official listing; TMJLb2; \$100, \$30m, July 10.01 - July 10.04, semiannual coupon at 8.0% APR). total of three deals were concluded amounting \$498,128.33 over 5,100 bonds (KZT73,075,426.50 at current exchange rate). All deals were made at - 97.4500% corresponding to **8.9950%** yield to maturity.

**In the purchase-sale sector**, 11 deals were concluded amounting \$881.6 th. (KZT129.3m). Compared to previous week, (10 deals \$1,136.3 th., KZT733.6m) the sector's turnover fell by 67.8%. Most tradable securities were bonds of VITA LLP that took 26.9% of the sector's turnover. The next were bonds of Astana-finance OJSC (21.5%). Three out of eleven deals were direct. Deals were made over 4 instruments compared to 8 on previous week.

Last deals of period recorded stability of yields for ASFIb1. Yield of KZTOb lowered from 9.13 to 8.90%, KZOLb - from 8.86 to 8.70%. BTAS price decreased 0.3%.

**The index KASE\_Shares** fell by 6.5316 (6.22%) during the week and fixed at closing at **97.9713** on July 25. Most significant fall of the index (6.4%) was recorded on July 23. The index decreased from 104.66087 to 97.9276. This level is the lowest figure since beginning of index estimation (July 12, 2000). The fall was attributed to sole factor - lowering of price for common inscribed shares of SHNOS OJSC quoted by market-maker of Kazkommerts Securities OJSC from \$1.30 to \$0.80 (38.5%). The market-maker stated no reasons for such lowering. The experience shows that market-makers are used to change quotations, yet in most cases they sooner return to previous level. In out case, the market-maker left quotations unchanged.

**Dynamics of corporate bonds market indexes** looked as follows (figures in parentheses indicate weekly changes): **KASE\_BY - 11.30 (+1.26%)**, **KASE\_BP - 114.78 (-1.08%)**, **KASE\_BC - 103.88 (-1.28%)**. On previous week **KASE\_BY** fell down 0.51%. The latter displays high volatility conditioned by offerings of new bonds which are more profitable than those floated before. Previously, the leadership positions (volume of deals) were taken by large industrial companies (KazTransOil and KAZAKHOIL), while present leaders are Astana-finance OJSC and VITA LLP.

**Capitalization of companies**, whose shares are being traded at the CS sector of KASE reached **\$814.8m** or KZT119.6bn by July 25. This indicator grew by \$0.9m compared to previous week. The growth was caused by inclusion of Almaty Kus shares into category "A" of the listing (see below).

**The capitalization of corporate bonds market of the Exchange by their best ask prices**, that are regularly put out by the market-makers of these securities in the trade system of the Exchange, was fixed at **\$443.9m** as of July 25, or KZT65,143.3m. In nominal value (total face value of the bonds that were admitted into trade lists of KASE) is estimated at **\$443.0m** or KZT65,014.7m. The growth (\$135m) is caused by admission of several corporate bonds into the listing (euronotes of TuranAlem Finance B.V.; coupon bonds of BANK CASPIAN OJSC and Almaty Kus OJSC (see below).

Data on the deals, bid and offer information in purchase and sale sector of the securities, as well as description of trade codes are given in the tables.

### Results of the trades in shares from July 19 - 25

USD per share, unless otherwise specified

Issuer	Securities	Close	WA price	Volume	Best bid	Best offer
Almaty Kus OJSC	ALKS			0	0.1540	0.3080
Almaty Kus OJSC	ALKSp			0	0.0900	0.1700
Astana-finance OJSC	ASFI	10.0000		0	5.0000	10.0000
AMB OJSC	ATFBp	6.8700		0	6.8100	6.8800
Bank TuranAlem OJSC	BTAS	*72.8700	*72.8700	436	73.7000	*72.8700
Bank CenterCredit OJSC	CCBN	1.1596		0	1.1587	1.3628
Halyk Bank of Kazakhstan OJSC	HSBK	0.8324		0	0.6100	1.2200
KAZKOMMERTSBANK OJSC	KKGB	0.4500		0	0.2500	0.5000
Kazakhtelecom	KZTK	12.0000		0	12.0000	16.5000
Kazakhtelecom	KZTKp	12.0000		0	11.5000	12.1000
Rakhat JSC	RAHT	1.1000		0	*0.7500	
Raushan OJSC	RAUS			0		*4.1500
SAUR OJSC	SAYR			0		*0.3400
SHNOS OJSC	SYRG	1.6300		0	1.3000	
TEMIRBANK OJSC	TEBN	1.0950		0	1.3600	6.8100
TEMIRBANK OJSC	TEBNp			0	1.3600	6.8100
ULBA JSC	ULBAp	10.0000		0		*10.2200
UKTMK OJSC	UTMK	35.0000		0	22.0000	44.0000
UKTMK OJSC	UTMKp	28.0000		0		43.5000
VALUT-TRANZIT BANK OJSC	VTBN	2.5480		0	1.4995	2.7255
VALUT-TRANZIT BANK OJSC	VTBNp	2.3033		0	1.7039	2.9171
Zerde OJSC	ZERD	6.8184		0	0.0013	

## Results of the trades in bonds from July 19 - 25

yield for the buyer in % APR till maturity, unless otherwise specified

Issuer	Code	Currency	Last	WA Volume, th. USD	Best bid	Best offer
Astana-finance OJSC	ASFib1	USD	10.5000	10.5000	342.97	10.5000 10.5000
AMB OJSC	ATFBb	USD	7.7025		0	6.8130 6.8572
Bank TuranAlem OJSC	BTASb1	USD	11.5000		0	8.9951 10.9965
TuranAlem Finance B.V.	BTASe1	USD			0	11.4933 10.6782
Bank CenterCredit OJSC	CCBNb1	USD	11.6998		0	11.9912 11.1138
Halyk Bank of Kazakhstan OJSC	HSBKb	USD	11.0000		0	13.4985 8.5029
Karazhanbasmunai OJSC	KARMb1	USD	10.3243		0	11.3293 9.9461
KAZKOMMERTSBANK OJSC	KKGBb	USD	6.9962		0	9.9862 4.7048
KAZKOMMERTSBANK OJSC	KKGBe2	USD			0	11.1956 9.1944
DAGOK Kustanaiasbest OJSC	KZASb1	USD	11.7958		0	12.0009 10.9994
NOC Kazakhoil CJSC	KZOLb	USD	8.6959	8.6959	6.09	8.6959 8.7009
NOTC KazTransOil CJSC	KZTOb	USD	8.8975	*9.2354	500.77	8.7030 *10.5586
RG Brands OJSC	RGBRb2	USD	12.4999		0	12.4999 12.0000
SHAHARMUNAIGAS OJSC	SMGZb1	USD			0	18.0034 13.0004
SHNOS OJSC	SYRGb1	USD			0	12.0167 8.4874
Temirbank OJSC	TEBNb	USD	10.6241		0	11.2597 10.5935
Kazakhstan Temir Joly	TMJLb2	USD			0	9.4360 8.9900
VITA LLP	VITAb2	USD	13.9999		0	14.4760 13.5416

**Notes:** bid and offer prices are given for the period; if no deals were made during reporting period (volume =0), the last price of successful trades will be given; marked by a star are indicative quotations in Quotation trade system of KASE unlike the bids submitted in regular trade mode, or the price of direct deals.

**In the repo sector of CS** 11 deals were made for a total of \$3,952.1 th. (KZT579.9m). Of this number, 7 deals (\$2,067.4 th.) were repo opening deals and 4 (\$1,884.7 th.) – closing deals. Volume of deals on previous week reached \$5,180.0 th. (KZT760.1m).

At evening of July 25, 21 CS repos in tenge and U.S. dollars were opened on the trade floor of the Exchange for a total of **\$9,573.7 th.** Common and preferred shares of VALUT-TRANZIT BANK OJSC, common shares of Bank TuranAlem OJSC, common shares of Bank CenterCredit OJSC, preferred shares of Kazakhtelecom, bonds of VITA LLP were used as the underlying instruments of repo deals. The tenge-repo terms varied from 27 to 30 days, and rates from 8.48% to 9.99% APR. The dollar-repo terms varied from 6 to 90 days, and rates from 7.86% to 13.96% APR.

**In all trade floors of KASE** (including primary market) total of 25 deals were concluded over corporate securities (1,198,418 securities) amounting to **\$5,331.8 th.** (KZT782.3m). A week ago volume of 31 deals was \$15,903.7 th. (KZT2,333.2m).

### Changes in KASE trade lists

**On July 24, 2001**, according to decision of the Board of Kazakhstan Stock Exchange (KASE) and under resolution of Exchange Council, **second issue inscribed coupon bonds of Almaty Kus OJSC** (Almaty region, Chapaevo village; KZ2CUY05A383, \$20m, \$100, July 18, 2001 – July 18, 2006 semiannual coupon 10.0% APR) were admitted in KASE listing of securities, A category. The trade code ALKSb2 was appropriated to bonds. The quotation accuracy at KASE trade system was determined at four decimal points. On the basis of submitted application of Kazkommerts Securities OJSC (Almaty) the market-maker status ALKSb2 was awarded. The minimal volume of indispensable quotation for market-maker was sized in 30 bonds.

**On July 24, 2001**, according to decision of the Board of Kazakhstan Stock Exchange (KASE) and under resolution of Exchange Council, **third issue inscribed preferred shares of Almaty Kus OJSC** located at Almaty region, Chapaevo village; (KZ1P31690319, KZT10.0, KZT100m, 15,0% of annual dividend) were admitted in KASE listing of securities, A category. The trade code ALKSp3 was assigned to shares. The quotation accuracy at KASE trade system determined at four decimal points. On the basis of submitted application of Kazkommerts Securities OJSC (Almaty) the market maker status ALKSp3 was awarded. The minimal volume of indispensable quotation for market-maker was sized in 40 th shares. The trade will be opened on July 30, 2001.

Detailed date on securities and the issuer are given in [special report of IRBIS agency \(see below\)](#).

### SECTOR OF GOVERNMENT SECURITIES (GS)

**In GS purchase and sale sector** of KASE total volume of 70 deals equaled **KZT3,086.9m** (\$21,036.6 th.). Last week the turnover reached KZT2,053.2m with 54 deals made. The market is slowly regaining after conclusion of the budget payments. However, it is too far to state complete recovery.

The turnover structure did change but not significantly. Attractiveness of short-term instruments caused by fall in liquidity has fallen down. This leads to increase of share of MEOKAM and MEAKAM in the turnover. The share of euronotes is stable.

**Parameters of stock exchange transactions in GS from July 19 - 25**

(in parentheses are comparable figures of the previous period)

Days till maturity	Yield to maturity for a buyer, % APR.				Volume, mln tenge discounted	Number of deals	
	min	max	last deal	weighted average			
<b>Discounted GS: MEKKAM-12, notes</b>				<b>3.7% (27.5%) of purchase and sale sector's turnover</b>			
15 - 28	4.96	4.96	4.96	4.96 (6.11)	5.5	1	
29 - 36	4.99	5.15	4.99	5.05 (5.30)	62.2	4	
43 - 56	5.42	5.42	5.42	5.42 (5.50)	1.1	1	
57 - 63	5.42	5.42	5.42	5.42 (6.13)	9.7	1	
64 - 91	5.14	5.55	5.14	5.35 (6.26)	32.3	5	
92 - 181	6.27	6.27	6.27	6.27 ( - )	3.0	1	
Total					113.8 (565.0)	13 (14)	
<b>Coupon GS, KZT denominated: MEOKAM-24, 36, MEAKAM</b>				<b>37.7% (19.0%) of purchase and sale sector's turnover</b>			
335 - 625	7.56	8.97	8.59	8.47 (8.47)	258.4	10	
829 - 940	8.59	10.14	10.14	9.97 (10.08)	301.2	12	
2315 - 2316	11.42	11.59	11.42	11.50 (11.54)	604.6	5	
Total					1,164.2 (390.7)	27 (15)	
<b>Coupon GS, USD denominated: VKU-36</b>				<b>1.9% (6.9%) of purchase and sale sector's turnover</b>			
1060 - 1065	8.39	8.40	8.40	8.40 (8.37)	59.8	5	
Total					59.8 (141.4)	5 (4)	
<b>Euronotes of Kazakhstan, USD</b>				<b>56.7% (50.4%) of purchase and sale sector's turnover</b>			
*427 - 427	5.97	5.97	5.97	5.97 (6.06)	154.6	1	
**1164 - 1169	6.95	7.01	6.95	6.97 (6.96)	924.6	14	
***2086 - 2092	7.19	7.25	7.19	7.21 (7.24)	669.9	10	
Total					1,749.1 (956.2)	25 (21)	
<b>GRANDTOTAL</b>				<b>3,086.9 (2,053.2)</b>			<b>70 (54)</b>

**Notes:** for euronotes (\* - second issue, \*\* - third issue, \*\*\* - fourth issue) volumes of the deals are calculated at weighted average USD/KZT rate of the Exchange.

By the results of the week the dynamics of the KASE indexes that indicate the condition of the market of Kazakhstani sovereign debt at the Exchange is as follows (in parentheses - weekly changes): **KASE\_EY** – equaled **7.06 (+0.31%)**; **KASE\_EP** – 127.68 (+0.07%); **KASE\_EC** – 112.55 (-0.11%). Last week **KASE\_EY** decreased by 0.59%. No principal changes were observed here, indexes are almost stable and smoothly fluctuate around settled levels.

**In GS repo sector 137 deals for a total of KZT10,207.9m** were made during the period. Of this number 63 deals (for KZT4,255.4m) were repo opening deals and 74 (KZT5,952.5m) were repo closing deals. Last period the turnover of this market sector reached KZT12,170.5m. After closing of the trades on July 25 total amount of opened repo equaled **KZT4,179.2m**. Current weighted average rates as of July 25 (% APR) equaled: for 1 day – 3.78; for 2 days – 4.49; for 3 days - 5.98; for 4 days - 5.69; 5 days - 4.49; for 6 days - 5.98; for 7 days – 6.71; for 8 days - 6.48; for 12 days – 6.98; for 14 days – 8.48; for 22 days – 6.28; for 24 days – 6.49; for 25 days – 7.98; for 26 days - 8.98; for 28 days – 7.48; for 29 days – 7.43; for 30 days – 6.19.

**Total of 207 deals** amounting to **KZT13,294.8m** were made **over GS in all trade floors of KASE** during last week (purchase-sale and repo sector). A week ago volume of 205 deals was at KZT14,223.7m. This week **the proportion of the stock market turnover** in total volume of deals on Kazakhstani secondary market for GS for comparable operations equaled **85.4%**, for last week it was 91.7%.

## INFORMATION ON COMPANIES

**Public relation department of KAZAKHOIL NOC CJSC** informed about basic results of company's activity in first six months of 2001. As of presented data oil extraction in first six months totaled 3,184.58 th tonnes or 112% against the same period of 2000. 199.9 th tonnes of oil were extracted over the plan. It was due to settlement of new 76 oil wells and oil extraction intensification. Also it was due to significant growth of investments into industry. KZT12.96bn were invested by company in first six months that is 1.6 times over against the same period of last year. According to KAZAKHOIL NOC CJSC profit of products, work and services totaled KZT71.3bn that is 30.9% over last year indicator. Profit revenue caused by oil extraction increase and positive oil market situation. Weighted average price for oil totaled KZT18,070 per tonn that is 23.2% over than last year. It was marked in press-release that company still is a big tax payer in Kazakhstan. Its tax payment for six months totaled KZT27,538mn that is twice over the same period of last year. As of press-release – “by the results of six months of 2001 activity debit debt of company decreased by 19.5% against last year. Credit debt decreased by 35.6%.” Like last year KAZAKHOIL NOC CJSC effectively promotes program for social infrastructure development in regions where enterprises companies operate. The program considers dwelling and equipping. Building of multi floor houses in Zhana-Karaton village for oil workers families transported from Caspian flooding areas is a significant part of this program. KAZAKHOIL NOC CJSC assigned KZT2.4bn from the beginning of this year that is 1.53 times over of the same last year period.

**Public relations departments KAZKOMMERTSBANK OJSC and Halyk bank Kazakhstan OJSC** informed that banks granted Almaty municipal authority with approximately \$36m syndicated loan to buy municipal

privacy worth of 100% shares of **Almaty Power Consolidated (APC)**. Aibar Dautov managing director of KAZKOMMERTSBANK OJSC informed that Halyk bank granted \$12.7m and KAZKOMMERTSBANK \$23.4 for 4 years term at 14.5% APR. Total sum of municipal authority deal amounts \$53m and the rest part of money will be invested by municipal authority. Also Mr. Dautov informed that syndicate concluded agreement with municipal state enterprise Energoberezhniye which was authorized by energy safety department of Almaty. The source for repayment will be current revenue – APC, but not budget of city. Municipal privacy and APC sites will be pawning supplement for credit. On July 13 Anvar Saydenov the chairman of Halyk bank Kazakhstan OJSC board of directors in interview for PANORAMA said that project meets banks' strategy because APC works with reliable flows. The bank emphasized that now deal is at preparation stage contract for credit was signed negotiations concerning pawning supplement being conducted and etc. But actually **still money were not remitted** to municipal authority in the frame of contract.

**KAZKOMMERTSBANK OJSC** press-release stated that (Almaty hereinafter Kazkommertsbank) shareholders at general meeting decided to increase volume of bank liabilities in 2001 and open subsidiary banks and also preferred shares issue and this would accelerate bank development, strengthening of its positions in bank sector as well as in financial market. Kazkommertsbank plans to arrange range of bond loans in order to attract financial resources at foreign as well as at domestic capital markets. Due to this \$500m size of liabilities volume was set for year 2001. Under the decree of shareholders Kazkommertsbank is able to issue coupon bonds until April 2002 amounting \$500m with not less than 5-7 years circulating term. Bank does not exclude euronotes issue at volume of \$150-200m if world market conditions will be positive for floatation. Kazkommertsbank was the first Kazakhstani financial institute which in 1998 attracted \$100m through three years euronotes floatation of subsidiary KAZKOMMERTS INTERNATIONAL B.V. (Rotterdam, the Netherlands). In May 2001 securities were successfully repaid. Now bank plans to attract long term means to finance small and middle business. Today there are bank bonds of two issues: domestic coupon inscribed bonds(KZ72KA7B9A11; KASE official listing "A" category; KKGBb; \$30,0 m; \$100; Sept 06. 99 - Sept 06. 01; semiannual coupon 10,0% APR) and first issue sub ordered notes (XS0122349615, official listing KASE "A" category, KKGBe2; \$1000; \$20 m; Dec 22. 00 - Dec 22. 07; semiannual coupon 11,0% APR). Kazkommertsbank and its shareholders approved suggestion to issue non voting preferred shares totally not exceeding 25% of bank authorized capital in order to increase volume of proper capital. Preferred shares are to be offered in free sale with fixed dollar dividend size. More accurate issue parameters including terms will be approved later by bank Board of directors.

**Public relations department of KAZKOMMERTSBANK OJSC** outlined results of its activity in first six months of this year is the growth of all bank indicators which exceeded over \$1bn. Last 12 months KKB succeeded to increase volume of liabilities and assets more than twice. As of authority opinion the perfect credit history and its reputation before foreign and domestic finance markets influenced it. Liabilities of KKB (raised means from other banks and clients) achieved on July 01, 2001 \$964.8m (hereinafter all values are in dollar). 2.3 times growth of liabilities relative to similar period of last year was due to growth of clients' deposits which increased by 2.5 times. Bank considers it as the evidence of increased credo including on behalf of residents. Portion of deposits in structure of liabilities is inclining up more active unlike the portion of from banks and financial institutions. Assets of KKB increased by 2.2 times and totaled \$1.081bn (as of July 01, 2000 – \$505.372m). Assets growth occurred despite of KAZKOMMERTS INTERNATIONAL B.V. filial eurobonds repayment (issued under full bank guarantee) at \$100m in May of this year. KKB thinks that the above shown dynamic of indicators is the highest in Kazakhstani bank system. Total assets of 44 Kazakhstani banks increased by 60% at \$4.4bn. Almost the quarter of volume is the portion for KKB which becomes the largest financial institute of Kazakhstan and Central Asia. And according to size of assets is able to enter membership of 15 largest banks of CIS. Managing bank director Eldar Abdrazakov comments – “The increased currency balance up to \$1bn enables Kazakhstani bank system to overcome psychological barrier resulted by crisis of 1998”. According to specialists of KKB the volume of assets increased due to enlargement of bank's loan portfolio. The volume of granted credits as of July 01, 2001 data achieved \$756 m relative to \$369.0 m of last year similar period. Net profit of KKB for first six months totaled \$16.3 m (for first six months of 2000 – \$14.9 m). The percentage revenue growth (from securities purchase and loans granted for clients) mostly influenced the increase of profit. It is marked in press-release that KKB is still the largest due to size of private capital – 17.1% of total banks capital. On July 01, 2001 the private capital increased by 22.8% at \$115.9m relative to last year's similar period.

**VITA LLP** informed that company launched oil distillery plant at power 20 th tonnes annually on Chingirlau station located in Chingirlau district, Western-Kazakhstan region. VITA LLP (Almaty) is engaged in purchase, refinery, production and distribution of oil production, its secondary issue bonds are traded at KASE in securities listing, “B” category (KZ2CKAPUBA19, VITAb2; \$100; \$1.5m; Jan 01. 00 - Jan 01. 01; semiannual coupon 14.0% APR). Under new industry launch the company follows two main aims. The first is to provide Chingirlau and Karatobinskiy regions of Western-Kazakhstani region with fuel oil. The second basic aim is to provide farmers with gasoline fuel and other oil lubricants. Under the program of import substitution VITA LLP plans to arrange refinery of soybeans and complete refinery of olive cultures to get result of vegetable oil, proteins and etc. It intends to buy resources for production at farmers of Almaty region as the most optimal under location and nature parameters. According to company's information agriculture production purchase will be realized as of prior agreements where the ability of farmers provision with oil and lubricants at profitable prices will be considered.

## KASE NEWS

**From July 26 through September 28, 2001** initial additional offering auction of Kazakhstan Temir Joly NSE (Astana) second issue bonds (KZ2EUY03A368; official list of KASE securities under category "A", TMJLb2, \$100, \$30m, July 10.01 - July 10.04, semiannual coupon at 8.0% APR) will be held at the Kazakhstan Stock Exchange (KASE). The auction will be held in the trade system of the KASE **on the basis of open trades** using the main trade mode of the KASE – uninterrupted counter auction mode. The distinctive feature of this additional offering from regular trades on secondary market is that the bonds will be offered only by the underwriter of the issuer – Fondovyi service CJSC (Almaty), and the trades will be held without collecting commission by the Exchange. Bonds' code in KASE trade system at initial additional offer within this auction – TMJLb2A – will be distinctive from trade code of the same securities at KASE secondary circulation (TMJLb2) which is open from July 24 of this year.

The bids for additional offer should be made in the trade system of the Exchange from 11:30AM till 7:00PM Almaty time, except Friday (July 27, August 10, 17, 24, 31, September 07, 14, 21 and 28). On Fridays bids will be admitted from 11:30AM till 3:00PM.

The payments for the bonds purchased at additional offering should be made by the buyers till 4:00PM Almaty time on Fridays – upon the auction results a week prior (July 27, August 03, 10, 17, 24, 31, September 07, 14, 21, and 28 of this year). The bonds purchased at additional offering should be paid for in an equivalent of the volume of satisfied bids in tenges at official KZT/USD rate of date prior to payment date.

**On July 31, 2001 the additional offering auction of the first issue of coupon bonds of local executive body of Eastern-Kazakhstan region (VKO)** will be held in the Trade system of the KASE. The issuer is a local executive body of Eastern-Kazakhstan region (akimat). Financial consultants of the issuer are DB SECURITIES (KAZAKHSTAN) OJSC and TuranAlem Securities LLP. The legal consultant of issue and the issuer is White & Case LLP (Almaty). Financial underwriter - Kazakhstan Stock Exchange CJSC (Almaty). The register is maintained by Central Depository of Securities CJSC (Almaty). The market maker of VKO bonds at KASE is TuranAlem Securities LLP. The bonds were admitted to trades on June 12, 2001 by the decision of the Board of KASE and resolution of the Exchange Council dated June 11, 2001. The bonds were offered by the issuer at face value. The trade was held over the fixed coupon rate, which is to be paid to bondholders semiannually.

Following are the parameters of the issue announced by the issuer and his financial consultants.

<b>Type of securities</b>	registered coupon bonds indexed to KZT/USD exchange rate
<b>NIN</b>	KZ7051806A46
<b>Trade code of KASE</b>	VKU036.001
<b>IRBIS registration number</b>	1/36VKU
<b>Face value, USD</b>	100.00
<b>Announced issue volume, KZT</b>	1,000,000,000.00
<b>Circulation starts on</b>	June 20. 01
<b>Maturity (nominal / actual)</b>	June 18. 04 / June 18. 04
<b>Circulation term</b>	1,095 days (3 years)
<b>Calculation basis</b>	actual/365
<b>Coupon type</b>	semiannual
<b>Coupon rate</b>	6.30% APR
<b>Dates of coupon payments (nominal / actual)</b>	<b>1</b> Dec 18. 01 / Dec 18. 01
	<b>2</b> June 19.02 / June 19. 02
	<b>3</b> Dec 18. 02 / Dec 18. 02
	<b>4</b> June 19. 03 / June 19. 03
	<b>5</b> Dec 18. 03 / Dec 18. 03
	<b>6</b> June 18. 04 / June 18. 04

Announced volume of additional offering at the auction – KZT500,000,000.00. The bids are made for the auction on June 31, 2001 in the Trade system of the KASE from 9:00AM to noon Almaty time. This time the bonds are offered not at face value, but at the prices in submitted bids at a fixed coupon rate. Thus, the trade is held over the clean price of the bonds, which is entered into the Trade system of the KASE without accumulated interest in percents to the face value with two digit accuracy. Accumulated interest on the offering date is 0.724932% of the bond face value ( $6.3/365 \times 42$ , where 6.3 is coupon rate, 365 – calculation base, 42 – number of days from the circulation beginning date). The number of bonds is shown in their face value. The bids are satisfied by the issuer after the cut-off procedure made in increments of one hundredth of the price. The bids, where the prices are lower than the cut-off price, will be cut-off. All bids submitted at a price equal to or more than the cut-off price, will be satisfied at the price shown in the bids. The issuer can satisfy all or part of the bids where the prices are equal to the cut-off price. In this case the bids are satisfied in the order they have been placed. Only competitive bids are accepted at the auction. All settlements regarding the purchasing (including at the auction), servicing and repayment of the bonds are made in Kazakhstani tenges at official KZT/USD rate of the National Bank, effective on the dates preceding the settlement dates. The payment date for the bonds purchased at the auction is July 31, 2001 till 4:00PM Almaty time.

**KASE** introduced amendments and modifications into internal regulative document, **Deals Value and Yield Estimation Methodology** (the Methodology). The amendments were put in force on **July 23, 2001**. The most

significant changes relate are following: The estimation of yields for MEOKAM and MEAKAM will be based on actual/365 time basis (actual days to maturity and 365 basis days). At this, the estimation of first coupon yield and following odd coupon periods will be made using 182 day-basis, correspondingly for second and other even coupon periods - 183 day-basis (actual/182-183). Coupon yield for each coupon period is estimated as quotient from division of annul coupon rate and basis ratio. The estimation of yield over coupon bonds of the municipal authorities will be made according the terms and conditions the bonds emission.

**From July 24, 2001** Kazakhstan stock exchange (KASE) put into effect new normative document “**Automatic repo market specification**” (Specification) according to the decision of Board of directors. This document on a par with “Repo deals making rules” regulates the procedure of deals holding in new exchange sector. Exchange plans to open trades in automatic repo sector in future. Working mode trade date opening (from July 10 trades were opened in training mode) will be announced additionally.

**Prepared by IRBIS agency**

## New securities of Almaty Kus OJSC were admitted into category “A” of the official listing of KASE

*Special issue based on the information of Almaty Kus OJSC, Kazkommerts Securities OJSC, Kazakhstan Stock Exchange (KASE), and IRBIS agency*

On July 24, 2001, according to decision of the Board of Kazakhstan Stock Exchange (KASE) and under resolution of Exchange Council, third issue inscribed preferred shares and second issue bonds of Almaty Kus OJSC were admitted into category “A” of the official listing.

### SECURITIES

#### Bonds

Type of security:	Inscribed coupon bond, indexed to the KZT/USD exchange rate
Provision:	without provision
Issue credit rate:	absent
Issuer credit rate:	absent
National identification number:	KZ2CUY05A383
Issue number in state list:	A38
Maintenance of the register:	Register service LLP (Almaty)
Issue registration date:	July 11. 01
Bonds face value:	\$100.00
Issue volume in dollars:	20,000,000
Issue volume in securities:	200,000
Issuance (circulation) date:	July 18. 01
Floatation term:	5 years since circulating start date
Circulation term:	5 years
Maturity date:	July 18. 06
Interest rate:	10.0% APR
Interest payment date:	January 18 и July 18 annually
Time basis at all payments:	30/360
Register fixing term at coupon payment:	30 working days till payment date
Register fixing dates at coupon payment:	06.12.01, 06.06.02, 05.12.02, 06.06.03, 04.12.03, 07.06.04, 06.12.04, 06.06.05, 06.12.05, 06.06.06
Register fixing term at redemption:	10 working days maturity date
Register fixing date at redemption:	July 04. 06
Servicing of emission:	in KZT at National Bank rate fixed at payment date
Financial consultant of issue:	Kazkommerts Securities OJSC
Underwriter:	Kazkommerts Securities OJSC
Payment agent:	KAZKOMMERTSBANK OJSC
Date of admission into trade list KASE:	July 24. 01
First trades date:	will be additionally announced
KASE trade code:	ALKSb2
Accuracy of quotations:	4 digits after comma
Market maker at KASE:	Kazkommerts Securities OJSC
Minimal volume of obligatory quotations:	30 bonds

Face value coupon payment is at the first working day following next after the week end or holiday in case if one of indicated interest payment date comes for week end or holiday. In this case coupon payment accumulation from week end or holiday is not realized and shareholder has no right to demand rewarding bonus or any reimbursement. None of shareholders has right for preliminary bonds payment.

According to issuer's information floated bonds will be directed to the development of existing industry (modernization and re equipment of plants, meat proceeding and etc.) and also achievement of aims and tasks of Almaty Kus OJSC according to company's Charter.

#### Preferred shares

From July 24 of this year, third issue preferred inscribed shares of Almaty Kus OJSC located at Almaty region, Chapaevo village and engaged in production and distribution of poultry, leasing (KZ1P31690319, KZT10.0, KZT100m, 15,0% of annual dividend) were admitted in KASE listing of securities, A category. Shares were issued in the non documentary way and do not enable the shareholder to vote. NSC registered issue on June 04, 2001 in State list under #A3169-2.

The trade code ALKSp3 was assigned to shares. The quotation accuracy at KASE trade system was determined till fourth sign after comma. On the basis of submitted application of Kazkommerts Securities OJSC (Almaty) the market maker status ALKSp3 was awarded. The minimal volume of indispensable quotation for market-maker was sized in 40 th shares.

#### THE ISSUER

The information below is based on conclusion of the Listing Commission. All responsibility for reliability of information falls on the issuer and its financial consultant.

## General information

Date of initial government registration - March 13, 1998. The latest date of registration - Aug.18, 1999. Legal form of the company - open joint-stock company. Ownership - private. Primary activities of the company – production and sales of poultry products, consumer goods, wholesale and retail trade, marketing, intermediary commercial activity, foreign trade. Produced goods: commodity and pedigree eggs, pedigree chicken, egg powder and poultry meat. Legal address of the head office - Chapayev, Ili district 483132, Almaty region. Kazakhstan. Actual address of the head office - 95/70 Gogol street, 480091 Almaty, tel./fax +7 (3272) 581107, 581530, 581249, 583482, 583483. Internet site - www.almatykus.kz. As of May 31, 2001 the company had 23 employees.

Almaty Kus OJSC is a leader on Kazakhstan market of eggs production. It has virtually overtaken the whole eggs market in Almaty and Almaty region. The company produces more than 30% of eggs in Kazakhstan.

The company does have no operations that could be subjected to any licensing procedures from the government of Kazakhstan.

The company possesses “Seimar” trade mark registered as intangible asset. The trade mark passed a proper government registration on Dec.19, 1995 (Government register of trade marks). The company is a member of the International Egg Commission, which represents the interests of egg producers throughout the world. The members of the committee are large companies from egg production countries. In 1998 the company became a member of Article Numbering Association, which is created in order to unify international goods numbering system and bar coding system.

No administrative or economic sanctions have been applied on the company during its operation.

The company does not possess credit rating of international or domestic rating agencies.

## History of creation

During 1996-98, Seimar Consortium CJSC has overtaken controlling stakes of four poultry farms in Almaty region: Altyn Kus OJSC (Chapaevsk poultry farm), Fenix OJSC (Kaskelen poultry farm), Abai OJSC (Abai poultry farm) and Avatskaya ptiitsefabrika OJSC (Avat poultry farm). In spring 1998 the consortium consolidated assets of these four farms under single company, Almaty Kus OJSC registered on March 13, 1998. In September 1998 Seimar Consortium CJSC exchanges the shares of Altyn Kus OJSC, Fenix OJSC, Abai OJSC and Avatskaya ptiitsefabrika OJSC owned by private persons - the employees of the farms into the shares of Almaty Kus OJSC. As a result of the exchange of 2,116 shares, private shareholders became direct owners of the shares of Almaty Kus OJSC. In 2000, the company acquired control stake (51%) in Food Brothers (distribution company) and 100% of Kombikormovii zavod OJSC.

## Structure of the company

Almaty Kus includes four poultry farms in Almaty region (location and distance is given in parentheses: Chapaevsk poultry farm (Chapaeyvo, 32 km), Kaskelen poultry farm (Koldy, 18 km), Abai poultry farm (Abay, 7 km) and Avat poultry farm (31 km):

The affiliated companies:

- Kombikormovii zavod OJSC (Kapchagai, Almaty region, 50 km) - provender mill leased by Agrokombinat LLP, which is production and sale of feed mills;
- Food Brothers LLP (Almaty) - major eggs distributor produced by Almaty Kus, trade of other foodstuff goods (flour, cereals, poultry meat).

Other affiliated to Almaty Kus companies are entities renting poultry farms and associated companies: Seimar OJSC (Almaty) and Agroservice LLP (Kapchagai, Almaty region).

## Structure of production and sales

Almaty Kus OJSC is a coordinating and controlling body of production and sales activity. Coordination and control activity is implemented through direct setting of quality standards and competitive selection of leaseholders and distributors.

**Leaseholders.** Four poultry farms (Chapaevsk, Kaskelen, Abai, and Avat) are being leased to four independent legal entities (or leaseholders): Ak-kanat LLP, Alatau LLP, Karasai LLP and Avat Kus LLP correspondingly. The terms of contracts between lessor and leaseholders are being reviewed every half a year. The leaseholders' functions are purchasing of fodder from Almaty Kus, production and selling of eggs - a major output of the poultry farms. The leaseholders are obliged to sell only Almaty Kus production. The latter controls production process and activity of Leaseholders by setting prices and quality standards. Revenues of the Company depend on production volumes of Almaty Kus.

**Production of eggs (million units) and meat (tons), sale revenues (KZT m) of leased poultry farms**

Фабрика	1998				1999				2000			
	eggs		meat		eggs		meat		eggs		meat	
	volume	income	volume	income	volume	income	volume	income	volume	income	volume	income
Чапаевская	131	566	1,145	115	118	771	1,079	135	129	934	1,165	163
Абайская	30	130	211	21	52	340	467	58	38	275	390	55
Каскеленская	22	95	221	22	20	131	205	26	22	159	223	31
Аватская	0	0	0	0	0	0	0	0	2	14	140	6
<b>Всего:</b>	<b>182</b>	<b>791</b>	<b>1,577</b>	<b>158</b>	<b>190</b>	<b>1,242</b>	<b>1,751</b>	<b>219</b>	<b>191</b>	<b>1,382</b>	<b>1,918</b>	<b>255</b>

**Revenues of Leaseholders of Almaty Kus OJSC broken down by type of production, KZT m**

Type of revenues	1998	1999	2000
Income from egg sales	791	1,241	1,383
Income from meat sales	158	219	255
Income from sales of secondary production	43	45	47
Income from sales of egg powder	93	125	135
Income from sales of poultry fodder	-	-	102
<b>Total:</b>	<b>1,084</b>	<b>1,629</b>	<b>1,922</b>

**Distributors.** The company franchises Seimar trade mark to twenty four independent legal entities and individuals. The distributors are set purchase eggs from Almaty- Kus and distribute them through retail trade network. Each of them are granted with exclusive right to distribute Seimar production representing Seimar consortium in regions. They are also free to set final prices, conclude agreements with retail traders and develop sales policy. In turn, the Company are responsible for quality control.

**Competition.** The company sells 90% of produced output in the city of Almaty and Almaty region. According to Brief Market Consult researches Almaty Kus is the outstanding leader of the egg market in named regions. Other competitors are Ak Kus JSC, Bent JSC, Bertra JSC and Semipalatinsk Poultry Farm.

**Sales markets.** Almaty region is one of the major regions of egg production. At present, Almaty Kus takes 75% of the market in Almaty region. Throughout Kazakhstan the main competitors are Kostanai Poultry Farm JSC (20% of the market), Ai-Dan LLP (Kyzyl-Orda), and Ust-Kamenogorsk JSC. The Company's share in Kazakhstan market equals 37%.

The management of Almaty Kus considers that eggs market has already undergone its development stage. Nevertheless, there is still room for further growth. It is assumed that such growth is constrained by purchasing power of population. Thus, expected growth of income would lead to higher sales of eggs. In turn, slowdown in incomes would not lead to comparable decline of demand as eggs are among prior goods in the consumers' basket. The broadening of the sales market will take place due to restructuring of production facilities.

**Equipment and raw material base**

All enterprises of Almaty Kus OJSC are located in Almaty region near from Almaty. In 1998, Centeraudit-Kazakhstan conducted revaluation of fixed assets (as of Jan. 01, 2001).

**Chapayev poultry farm.** The farm is currently leased by Ak-kanat LLP. There is an incubator for 450,000 eggs, 52 poultry yards for 1,200,000 chickens, fodder workshop, meat processing facility and other equipment. Production capacity is 130-150 m eggs annually. Full water and energy supply. Fixed assets depreciation ration - 59%.

**Abay poultry farm.** The farm is currently leased by Karasai LLP. There is an incubator for 390,000 eggs, 34 poultry yards for 600,000 chickens, fodder workshop, eggs and meat processing facility and other equipment. Production capacity is 100 m eggs annually. Full water and energy supply. Fixed assets depreciation ration - 32%.

**Kaskelen poultry farm.** The farm includes an incubator for 270,000 eggs, 10 poultry yards for 200,000 chickens, egg powder workshop, and other equipment. Production capacity is 25 m eggs annually. Full water and energy supply. Fixed assets depreciation ration - 61%.

**Avat poultry farm.** The farm includes an egg-storage, all necessary equipment including water pipeline, energy equipment, fodder stores, etc. Full water and energy supply. Fixed assets depreciation ration - 75%.

**Kapchagai fodder plant.** Production - 300 th. tons of poultry fodder. The volume is sufficient for all facilities of Almaty Kus and could even cover future demand. Presently, the plant is put under modernization including increase of capacity. Beside, poultry fodder the plant will produce fodder for other agricultural livestock. Fixed assets depreciation ration - 4%.

**Structure of revenues and expenses**

At the beginning of operations, Almaty Kus has developed strictly centralized management system. The main features were high concentration and centralization of management, financial sources of the company at its

head office. However, in November 1998 the company shifted to new management system - franchising, i.e. transfer of rights for Seimar trade mark to Distributors and leasing of poultry farms to Leaseholders.

At present, company's revenues consist of rental payments, eggs sales proceeds, sale of poultry fodder, franchise payments and a stake in Food Brothers LLP and Fodder plant OJSC. The revenues of poultry farms for 2000 are presented below: eggs sales - 82%, meat sales - 15%, sale of secondary goods - 3%. The revenues of Almaty Kus OJSC - eggs sales - 7.0%, meat sales - 36.6%, leasing revenues - 50.8%, franchise - 5.5% other revenues - 0.1%.

Expense of Almaty Kus in 2000 - meat - 52.3%, eggs - 9.2%, repair of fixed assets - 4.5%, cost of other goods - 0.1%, general and administrative expenses - 21.8%, fixed assets depreciation - 10.7%, intangible assets depreciation (trade market) - 1.5%.

Because of specific structure of the sale-production management the financial statement of Almaty Kus do not include cash flows related to sales of goods produced using fixed assets of the company.

## Development strategy

The long-term development strategy includes return to consolidation of the company's activity. The company would gradually shift to more centralized mode of operations meaning that production and sale of eggs will be done without Leaseholders. The company has already begun consolidation by purchasing 100% stake of Fodder Plant OJSC, centralized source of poultry feed. In the second quarter 2001, the company suspended contracts with two leaseholders, Kaskelen and Avat poultry farms. Thus, the farms' operations have been assigned to the company. As a results, sales volume increased by KZT237,741 th (447%) and equaled KZT344,097 th in first six months of 2001.

The development strategy also directed on increase of quality and competitiveness of the production along with lowering of costs. Main directions are optimization of production, construction of new fodder plant, improvement of the infrastructure and extension of geographical presence.

## Investments

The capital investments of Almaty Kus between March 31, 1998 and Jan.01, 2001 (KZT thousands): egg sorting equipment - KZT8,333.3; automobiles - 4,929.3, transported sales desks - 3,500.0; office equipment - 1,038.9; farm computers - 4,529.9 (51%); stake in Food Brothers LLP - 37.0%; stake in Fodder Plant - 100% or KZT400,000.0. The total amount of capital investments is KZT422,368.4 th.

The main reason of purchasing of fodder processing plant is lowering of fodder costs and uninterrupted shipment of fodder. The main objective of Food Brothers investments is additional sales market.

## Investment projects

Following projects will be invested by Almaty Kus in 2001-2002 (USD thousands): purchase of broiler poultry farms - 1,800.0; broiler equipment - 2,128.0; packaging line - 65.0; refrigerators - 140.0; meat processing plant - 2,400; transportation units - 300.0; feed stores - 3,000; eggs packaging materials - 200.0; repair of fixed assets of farms - 1,600.0; refreshment of fertile poultry - 600.0; egg processing equipment - 500.0; reconstruction of processing building - 300.0; processing equipment - 2,356.0; fodder plant equipment - 2,500.0; financing of turnover capital - 2,000.0. The total value of projects is \$19,890.0 thousands.

The money raised though emission of securities will used for modernization, reconstruction, restructuring of poultry farms, innovations and technologies.

## Five-year forecast of Almaty Kus economic activity

Indicator	KZT m, unless otherwise indicated				
	1 year	2 year	3 year	4 year	5 year
Sales of eggs (million units)	300	547	547	547	547
Sales of meat (tons)	5,000	12,000	12,000	12,000	12,000
Sales of sausages (tons)	1,900	2,000	2,000	2,000	2,000
Sales of fodder to third parties (tons)	0	50,000	50,000	50,000	50,000
Income from					
Sales of eggs (million units)	1,110.0	2,023.4	2,461.5	2,814.4	3,227.3
Sales of meat (tons)	400.0	1,270.0	1,115.0	1,345.0	1,020.0
Sales of sausages (tons)	230.0	240.0	242.0	250.0	260.0
Sales of fodder to third parties (tons)	0	300.0	300.0	300.0	300.0
<b>Total sales income</b>	<b>3,375.0</b>	<b>7,415.5</b>	<b>7,943.1</b>	<b>8,486.0</b>	<b>9,088.9</b>
VAT (16%)	540.0	1,846.5	1,270.9	1,357.8	1,454.2
Cost of eggs production	840.0	1,531.6	1,531.6	1,531.6	1,531.6
Cost of meat production	550.0	1,130.0	1,130.0	1,130.0	1,130.0
Cost of sausages production	245.0	270.0	298.0	330.0	360.0
Cost of fodder sales		650.0	650.0	650.0	650.0
<b>Total costs</b>	<b>2,175.0</b>	<b>4,768.1</b>	<b>5,055.5</b>	<b>5,374.4</b>	<b>5,735.8</b>

To be continued on the page 12

**Five-year forecast of Almaty Kus economic activity**

	KZT m, unless otherwise indicated				
<b>Indicator</b>	<b>1 year</b>	<b>2 year</b>	<b>3 year</b>	<b>4 year</b>	<b>5 year</b>
general and administrative expenses	70.0	72.0	74.0	76.0	78.0
Depreciation	140.0	130.0	120.0	110.0	100.0
interest rate on bonds	300.0	321.0	343.8	367.5	393.3
Taxable income	555.0	1,827.8	2,032.4	2,218.7	2,418.3
Income tax (30%)	165.5	548.3	609.7	665.6	725.5
<b>Net income</b>	<b>483.0</b>	<b>1,487.1</b>	<b>1,645.1</b>	<b>1,790.7</b>	<b>1,947.3</b>
<b>Net income plus depreciation</b>	<b>623.0</b>	<b>1,617.1</b>	<b>1,765.1</b>	<b>1,900.7</b>	<b>2,047.3</b>
Exchange rate (KZT/USD)	150	161	172	184	197
<b>Net income plus depreciation (USD thousand)</b>	<b>4,153</b>	<b>10,075</b>	<b>10,278</b>	<b>10,344</b>	<b>10,412</b>

According to the table, the annual cash flows from operating activity would equal more than \$10.0m (by second year). This amount will increase when the company would enact patent mode of operations allowing for 80% cut of budget payments including property income, transportation tax, VAT and income taxes. Additional revenues would be raised from leasing of processing facilities and lowering of VAT rate in July 2001.

**Capital, shares and shareholders**

**As of Apr. 01, 2001**, the announced authorized capital of Almaty Kus equaled KZT1,830,000 th. of which **KZT1,100,000 th.** are paid-up capital. According to NSC, total of 110,000,000 shares have been issued so far. The face value is KZT10 including 64,867.490 common inscribed shares of first emission (KZ1C31690015, A3169, March - 25, 1998), 40,000,000 common inscribed share of second emission (KZ1C316900X8, A3169-1, Aug.01, 2000) and 5,132,510 preferred inscribed shares (KZ1P31690111, first emission). All shares of first emission have been offered through open tender. The second emission were offered by a closed tender.

The third emission of shares (KZ1P31690319, A3169-2, 10,000,000 preferred inscribed shares, face value KZT10.0) is being placed by an open tender. After floatation, the authorized paid-up capital would equal KZT1.2bn.

According to Almaty-Kus OJSC dividend payments over preferred shares have been equal to 10% of net income per shares and reached: 1998 - KZT0.7; 1999 - KZT0.60; 2000 - KZT0.23. Thus, dividends amounts totaled: 1998 - KZT340 th; 1999 - KZT3,078.2 th; 2000 - KZT1,192.6 th.

**As of Jan. 01, 2001**, the register of shareholders contained 2,595 holders of Almaty Kus OJSC. Those holders whose stake exceeds 5% level are: Seimar OJSC - 61.81% and Agroservice LLP - 36.36%. Total of 3.5 million shares out of 40 million possessed by Agroservice LLP are placed as collateral at Almaty Merchant Bank OJSC.

**Securities on the market (IRBIS information)**

Shares of first issue were included in official list of KASE securities A category of April 03, 00. Trades were opened on May 01, 00. Still no deal were made under this instrument despite of market-maker's regular quotation. Now common shares are quoted at \$0.1540 / \$0.3080, preferred – \$0.0900 / \$0.1700. Basing upon these parameters market capitalization of Almaty Kus OJSC is estimated at quotation bid \$9.9m.

First issue shares of Almaty Kus OJSC (KZ2C3AF64A13; \$100; \$4.5m; April 14. 00 - April 14. 01; semiannual coupon 14.0% APR) were admitted in KASE securities list under A category of April 07, 00. On April 25 the auction was held in trade system of exchange for initial additional offering of bonds at \$340 th under par value. The rest volume of issue was offered by issuer under signature. As of Issuer information 67% of bonds' issue were bought by PAM companies, 22% by STB, 11% by other investors. ALKSb were admitted to trades in Listing corporate bonds since May 02, 00. Bonds of April 14, 01 were removed from the list due t their maturity. 7 deals for ALKSb were made in purchase-sale sector at \$254.3 th during the whole circulating term. Profit to maturity varied from 12.63 to 16.64% APR. The last deal February 07, 01 was at profit of 15.85% APR. According to data of Issuer bonds were serviced and repaid In a strict accordance with issue terms.

Kazkommerts Securities OJSC implements functions of market-maker for Almaty Kus OJSC. From February 02, 2001 Bank TuranAlem OJSC was awarded the status of specialist for first issue bonds at KASE.

**Financial indicators**

Financial report and consolidated financial report (balance, reports of administrative activity and monetary flow) in period 1998-2000 and also balance and report of administrative activity and monetary flow in first six months of 2001 were submitted to KASE according to Kazakhstani accounting standards (KAS).

**Consolidated balance sheet of Almaty Kus OJSC, data of the company, (thousands tenge unless otherwise indicated)**

<b>Indicator</b>	<b>As of Jan.01, 99</b>	<b>As of Jan.01, 00</b>	<b>As of Jan.01, 01</b>	<b>As of July 01, 01</b>
<b>ASSETS</b>	<b>717,525</b>	<b>709,361</b>	<b>1,808,681</b>	<b>1,660,849</b>
Long-term assets	673,435	660,774	1,028,135	1,059,000
Fixed assets	618,678	608,863	579,012	611,339
Intangible assets	54,757	51,911	49,086	47,661
Long-term investments	–	–	400,037	400,000
Current assets	44,090	48,587	780,546	601,849
Inventories	–	–	–	68,628
Construction in progress	–	–	–	–
Future expense	–	–	–	–
Cash	–	250	300,876	5,423
Accounts receivable	44,090	48,337	479,670	527,798
<b>TOTAL LIABILITIES</b>	<b>717,525</b>	<b>709,361</b>	<b>1,808,681</b>	<b>1,660,849</b>
<b>Equity capital</b>	<b>705,681</b>	<b>697,700</b>	<b>1,144,383</b>	<b>1,155,027</b>
Authorized capital	700,000	700,000	1,100,000	1,200,000
Additional unpaid capital	–	(38,763)	0	(100,000)
Reserve capital	510	510	31,393	43,084
Undistributed profit of the reported period	5,171	30,782	12,313	11,915
Undistributed profit of the past periods	–	5,171	12,990	28
<b>Liabilities</b>	<b>11,844</b>	<b>11,661</b>	<b>664,975</b>	<b>505,822</b>
Long-term assets	–	–	–	–
Account payable	11,844	11,661	37,484	427,262

**Income statement of Almaty Kus OJSC, data of the company, (thousands tenge unless otherwise indicated)**

<b>Indicator</b>	<b>As of Jan.01, 99</b>	<b>As of Jan.01, 00</b>	<b>As of Jan.01, 01</b>	<b>As of July 01, 01</b>
<b>Income from goods sold (services offered)</b>	<b>39,387</b>	<b>98,426</b>	<b>160,466</b>	<b>344,097</b>
Cost of goods (services)	25,980	46,304	31,905	272,521
Gross income	13,407	52,122	128,561	71,576
Expenses	3,740	21,340	104,480	104,227
Income (loss) from operating activity	9,667	30,782	24,081	(651)
Income (loss) from non-operating activity	–	–	(269)	47,728
Income (loss) from operating activity before taxes	9,667	30,782	23,812	15,080
Income tax	245	–	11,499	3,165
Income (loss) from operating activity after taxes	9,423	30,782	12,313	11,915
Extraordinary income (loss)	–	–	–	–
<b>Net income (loss)</b>	<b>9,423</b>	<b>30,782</b>	<b>12,313</b>	<b>11,915</b>

**Cash flow statement of Almaty Kus OJSC, data of the company, (thousands tenge unless otherwise indicated)**

<b>Indicator</b>	<b>As of Jan.01, 99</b>	<b>As of Jan.01, 00</b>	<b>As of Jan.01, 01</b>
<b>Cash flow from operating activity</b>			
Cash flows	44 320	44 288	212 743
Cash outflows	44 320	25 311	233 281
<b>Net cash from operating activity</b>	<b>–</b>	<b>18 977</b>	<b>-20 537</b>
<b>Cash flows from investment activity</b>			
Cash flows	–	–	375 621
Cash outflows	–	18 113	827 979
<b>Net cash from investment activity</b>	<b>–</b>	<b>-18 113</b>	<b>-452 358</b>
<b>Cash flows from financial activity</b>			
Cash flows	40 588	–	1 188 367
Cash outflows	40 588	615	712 537
<b>Net cash from financial activity</b>	<b>–</b>	<b>-615</b>	<b>475 829</b>
<b>Cash, beginning of period</b>	<b>–</b>	<b>–</b>	<b>250</b>
<b>Cash, end of period</b>	<b>1</b>	<b>250</b>	<b>3 184</b>

**Consolidated financial indicators Almaty Kus OJSC, data of the company, (thousands tenge unless otherwise indicated)**

<b>Indicator</b>	<b>As of Jan.01, 99</b>	<b>As of Jan.01, 00</b>	<b>As of Jan.01, 01</b>	<b>As of Apr.01, 01</b>	<b>As of July 1, 01</b>
Authorized capital (declared)	700,000	700,000	1,100,000	1,100,000	1,200,000
Authorized capital (paid)	700,000	661,237	1,100,000	1,100,000	1,100,000
Shareholders' equity	705,681	697,700	1,143,706	1,146,656	1,155,027
Book value of the assets	717,525	709,361	1,808,681	1,924,112	1,660,849
Debit debt	44,090	48,337	479,670	523,440	527,581
Net turnover capital liabilities	32,246	36,926	115,571	116,010	96,027
Credit debt	11,844	11,661	664,975	777,456	505,822
Sales	39,387	98,426	160,466	53,178	344,097
Cost of goods sold	25,980	46,304	31,905	17,049	272,521
Net income	9,423	30,782	12,313	2,245	11,915

<b>KASE estimated</b>					
Return on sales (ROS), %	34.04	52.96	80.12	–	–
Return on equity (ROE), %	1.34	4.41	1.08	–	–
Return on assets (ROA), %	1.31	4.34	0.68	–	–
Net profit per 1 common share (EPS) KZT	0.14	0.43	0.11	–	–
Book value of 1 share in KZT	10.08	10.55	10.40	10.42	10.50

Almaty Kus also presented KASE with audit conclusion over financial statements of the company prepared by Arthur Andersen (1998-1999) and Deloitte & Touche (2000).

**Audited consolidated balance sheet of Almaty Kus OJSC (thousands tenge unless otherwise indicated)**

<b>Indicator</b>	<b>As of Jan.01, 99</b>	<b>As of Jan.01, 00</b>	<b>As of Jan.01, 01</b>
<b>ASSETS</b>	<b>703,059</b>	<b>709,361</b>	<b>1,882,364</b>
Intangible assets	54,757	51,911	49,086
Goodwill	–	–	365,439
Fixed assets	618,678	608,863	611,389
Current assets	44,090	48,587	856,450
Cash and cash equivalent	–	250	3,556
Time deposits	–	–	297,692
Future expense	–	916	–
Trade accounts receivable	3,503	42,487	103,187
Other accounts receivable	40,587	4,934	124,574
Loans	–	–	327,441
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>703,059</b>	<b>709,361</b>	<b>1,882,364</b>
<b>Liabilities</b>	<b>11,844</b>	<b>11,661</b>	<b>721,446</b>
Trade creditors and other accumulations	1,885	6,775	1,061
Interest payments	–	–	19,463
Tax obligations	3,037	4,886	15,344
Loans	–	–	683,327
Dividend payments	340	–	2,251
Long-term liabilities	2,622	12,100	13,289
Minority stake	–	–	13,622
<b>Equity capital</b>	<b>703,059</b>	<b>685,600</b>	<b>1,134,007</b>
Authorized capital	700,000	700,000	1,100,000
Reserve capital	510	510	31,393
Undistributed profit	2,549	23,853	2,614
Bought out shares	–	-38,763	–

**Audited income statement of Almaty Kus OJSC (thousands tenge unless otherwise indicated)**

<b>Indicator</b>	<b>As of Jan.01, 99</b>	<b>As of Jan.01, 00</b>	<b>As of Jan.01, 01</b>
<b>Income from goods sold (services offered)</b>	<b>39,387</b>	<b>98,426</b>	<b>285,153</b>
Cost of goods sold (services)	28,114	46,304	150,657
Gross income	11,273	52,122	134,496
General and administrative expenses	1,308	21,340	41,972
Operating expenses	9,965	30,782	92,524
Interest expenses	–	–	71,922
loss from revaluation of bonds	–	–	9,409
Interest and other income	3,291	–	31,268
Other expenses	–	–	2,509
Pretax income	6,265	30,782	39,952
Income tax	2,866	9,478	13,608
Income after taxes	3,399	21,304	26,344
Minority stake	–	–	(13,622)
<b>Net income</b>	<b>3,399</b>	<b>21,304</b>	<b>12,722</b>

**Audited cash flow statement of Almaty Kus OJSC (thousands tenge unless otherwise indicated)**

<b>Indicator</b>	<b>As of Jan.01, 99</b>	<b>As of Jan.01, 00</b>	<b>As of Jan.01, 01</b>
<b>Cash flow from operating activity</b>			
Pretax income	6,265	30,782	39,952
Corrections	–	29,225	117,560
Operating cash flows before changes in operating capital	–	60,007	157,512
Cash flows from operating activity	1,549	17,519	-352,521
Income tax paid	–	–	-4,507
Interest paid	–	–	-46,281
Net cash flows from operating activity	–	17,519	-403,309
<b>Cash flows from investment activity</b>	<b>-1,549</b>	<b>-16,564</b>	<b>-401,799</b>
Acquisition of fixed assets	–	-16,564	-6,090
Acquisition of intangible assets	–	–	-12
Acquisition of affiliated companies	–	–	-395,688
<b>Cash flows from financial activity</b>	<b>–</b>	<b>-705</b>	<b>1,106,106</b>
Emission of securities	–	–	400,000
Emission of bonds	–	–	632,282
Sale of bonds	–	–	38,763

Repurchase of bonds	-	-	-10,200
Dividends paid	-	-705	-827
Loans received	-	-	46,088
<b>Net cash flow</b>	-	-	<b>300,998</b>
<b>Cash, beginning of period</b>	-	<b>250</b>	<b>250</b>
<b>Cash, end of period</b>	-	-	<b>301,248</b>

**Audited consolidated financial indicators Almaty Kus OJSC (thousands tenge unless otherwise indicated)**

Indicator	As of	As of	As of
	Jan.01, 99	Jan.01, 00	Jan.01, 01
Authorized capital (paid)	700,000	700,000	1,100,000
Shareholders' equity	703,059	685,600	1,134,007
Book value of assets	717,525	709,361	1,882,364
Accounts receivable	44,090	47,421	227,761
Net operating capital	32,246	36,926	135,004
Liabilities	11,844	11,661	721,446
Account payable	14,466	23,761	31,945
Sales of goods	39,387	98,426	285,153
Cost of goods sold	28,114	46,304	150,657
Net income	3,399	21,304	12,722
<b>KASE estimated</b>			
Return on sales (ROS), %	28.62	52.96	47.17
Return on equity (ROE), %	0.48	3.11	1.12
Return on assets (ROA), %	0.47	3.00	0.68
Net profit per 1 common share (EPS) KZT	0.05	0.30	0.11
Book value of 1 share in KZT	10.04	10.37	10.31

**CONCLUSION OF THE LISTING COMMISSION**

1. Nowadays, the company's revenues consist of farm rental payments, revenues from sales of eggs, poultry fodder, franchise fees from Leaseholders and Distributors, the stakes in Food Brother LLP and Fodder Plant OJSC. Operating income of the company for 1998-2000 equaled KZT39,387 th.; KZT98,426 th. and KZT160,466 th. By results of 2000, sales volume is significantly lower than planned volume of borrowing. Small figures of financial flows relate to specific structure of the company's management. One on hand, this structure provides efficient control over business processes, on the other, it undermines of real-scale evaluation of the company. The long-term development strategy includes return to consolidation of the company's activity. The company would gradually shift to more centralized mode of operations meaning concentration of cash flows into Almaty Kus.
2. As of July 01, 2001, authorized capital of the company equaled KZT1,155.1m or \$7,884.1 th. According to this criteria, the company does not conform with article 3.1 of Securities Listing Regulation. However, according to provisions given in Article 3.3 of the same regulation, the Exchange Council could admit securities into category "A" even if capital does not exceed \$10m. At this, the capital size should not be less than \$5m.

**Prepared by IRBIS agency**